



CONGESTION
MANAGEMENT
CONTENT GROUP
Status Report
August 24, 2001



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- Work Plan Overview/Status
- Model Update
- Open Issues



Background

- Early June – Consensus decision to base congestion management model on flow-distributed physical rights
- Since June – Congestion Management Content Group working diligently to finalize details of commercial model and commence translation of pre-existing rights and load service obligations to initial Firm Transmission Rights (“FTR”)



Progress To Date

- Commercial Model
 - Majority of threshold issues have been fully explored, many are resolved and others are close to resolution
 - Liquidity still significant issue that needs further attention and is planned to be addressed in the near term
- Translation of Pre-Existing Contracts and Load Service Obligations
 - Enough is now known about congestion model in order to go forward with translation of rights and obligations
 - Near-term – Exercise to preliminarily “map” rights to Flow Paths
 - Longer-term (but before 12/1) – Process to translate rights to FTRs
 - “Over-allocation” a significant issue



Detailed Work Plan

- Working Model Process – “Working assumptions” are being made to complete model which can then be tested as a complete package for acceptability (for example, working list of Flow Paths and Zones)



Detailed Work Plan

- 8/9 Commercial model scheduling and translation issues resolved
- 8/23 Initial translation “exercise” completed and rules finalized
- 8/30 List of Flow Paths and Zones
- 9/6 All commercial model issues resolved
- 9/20 Market power mitigation complete
- 9/27 First pass validation well underway
- 10/22 Translation of rights well underway
- 12/1 Translation of rights sufficient for filing completed



Summary of Work Since June 1 Report To RRG



Areas Added to Working Model By Content Group Since June 1

- Congestion Management Working Map and Flow Paths
- Forgiveness threshold mechanics
- Scheduling threshold mechanics
- Forgiveness threshold revision trigger
- Scheduling threshold revision trigger
- Flow Path addition and deletion principle
- Commercial scheduling basis
- Fundamentals of scheduling and settlements



Areas Added to Working Model By Content Group Since June 1

- RTO role in resolving congestion
- RTO "Tools" to resolve operational congestion
- Cost responsibility for resolving congestion
- RTO mechanism to capture benefits of schedule netting while allowing scheduling flexibility
- Concept for rights and scheduling across seams



Areas Added to Working Model By Content Group Since June 1

- RTO FTR release policy
- Conceptual requirements for FTR secondary markets
- Rules for translation of Pre-existing Rights and Load Service Obligations



Open Issues

- “Overallocation” of rights (Translated rights exceed Flow Path’s rating)
 - Caused by over-commitment and/or translation accuracy
 - Translation exercise to quantify extent
 - Preliminary results suggest significant issue
 - Content group developing options to resolve
- Liquidity (Ensuring that those needing FTRs have opportunity to buy them)



Open Issues

- FTR “Firmness” – Delineate FTR impact from:
 - System changes
 - Forced outages
 - Maintenance outage extensions
 - Etc.
- Overall Workability of Model